

Strategic Management and Sustainability (LCBB6004)

In-class Exam Assessment

Exam duration: 2 hours

Marking criteria:

- Multiple-choice questions: 35 questions – 70% mark (2 marks for each question)
- Open-ended questions: 3 questions – 30% mark (10 marks for each question)

Examples of multiple-choice questions (You need to answer all multiple-choice questions):

1. Which of the following is not one of the steps in the strategic management process?
 - Execute the strategy
 - Control the strategy as necessary
 - Conduct an internal analysis
 - All of the above are steps in the strategic management process
2. A sudden change in government regulations affecting an industry would be categorized under which PESTLE factor?
 - Political
 - Economic
 - Social
 - Legal
3. In Porter's Five Forces, the threat of new entrants is high when:
 - Capital requirements are high
 - Brand loyalty is strong
 - Switching costs are low
 - Economies of scale are present
4. Which of the following statements is accurate?
 - A cost-leadership competitive strategy increases the threat of new entrants by lowering cost-based barriers to entry

- Firms with a low-cost position can reduce the threat of rivalry in an industry
 - Cost leaders are especially vulnerable to substitute products
 - Cost leaders are especially vulnerable to the threat of suppliers
- 5. The impact of a growing population on market size would be considered under which PESTLE factor?**
- Economic
 - Political
 - Social
 - Environmental
- 6. The best example of a firm following a cost-leadership business strategy is:**
- Tesco
 - Ryanair
 - Prada
 - BMW
- 7. A high level of rivalry among existing competitors typically results in:**
- Lower profits for all firms
 - Higher barriers to entry
 - Increased market share for all firms
 - Less aggressive competition
- 8. When a domestic company first begins to export to India, it is an example of:**
- Horizontal Integration
 - Backward Integration
 - Forward Integration
 - Market Development
- 9. Which of the following factors is NOT part of a PESTLE analysis?**
- Political
 - Environmental
 - Cultural
 - Technological

10. Collecting and evaluating the information on competitors is essential for successful:

- Internal analysis
- Strategy evaluation
- Strategy formulation
- Strategy implementation

11. Which PESTLE factor would consider the impact of new consumer protection laws?

- Social
- Economic
- Legal
- Environmental

12. A sudden change in consumer preferences would be considered under which PESTLE factor?

- Political
- Economic
- Social
- Technological

13. The objective of Porter's Five Forces model is to:

- Assess firm profitability
- Assess the potential for profits within an industry
- Emphasize the intensity of rivalry within an industry
- None of the above

14. Which of the following distinctions is not typically associated with strategic decision-making?

- It represents a systematic comprehensive analysis
- It involves choices
- It is long-term oriented
- It involves decisions made by the CEO, not the top management team

15. In the VRIO framework, the R represents resources.

- True

- False
- 16. For a resource to be valuable, it must be either rare, hard to imitate, or not easily substitutable.**
- True
 - False
- 17. A(n) _____ is any individual group or organization outside a firm that seeks to reduce the level of that firm's performance.**
- Environmental threat
 - Environmental opportunity
 - Environmental equalizer
 - Competitive advantage
- 18. Under which strategy would you offer products or services to a wide range of customers at the lowest price available on the market?**
- Cost leadership - low cost
 - Focus - low cost
 - Differentiation
 - Unrelated diversification
- 19. Environmental factors in PESTLE analysis would include:**
- Exchange rates
 - Carbon footprint regulations
 - Interest rates
 - Corporate taxes
- 20. Which of the following represents a high bargaining power of suppliers?**
- Suppliers are numerous and diversified
 - There are many substitute inputs
 - The suppliers' products are differentiated
 - Switching costs are low
- 21. An appropriate strategy when an organization has excess production capacity is market penetration.**
- True
 - False

22. The analysis of a company's internal strengths and weaknesses is typically part of which strategic management process step?

- External analysis
- Strategy formulation
- Strategy implementation
- Strategy evaluation

23. Which of the following is an example of a technological factor in PESTLE analysis?

- Tax policy changes
- Introduction of new production technology
- Changes in cultural attitudes
- Fluctuations in exchange rates

24. Which component of Porter's Five Forces analyzes the impact of substitute products on an industry?

- Threat of new entrants
- Bargaining power of suppliers
- Bargaining power of buyers
- Threat of substitutes

25. In the VRIO framework, which component examines if a resource or capability can be exploited by the organization?

- Value
- Rarity
- Imitability
- Organization

26. Which of the following is an example of a cost-leadership strategy?

- Offering unique, high-end products to a niche market
- Competing on the basis of lowest prices across a broad market
- Focusing on the highest quality and customer service
- Targeting a specific segment with premium products

27. What does the "O" in the VRIO framework represent?

- Organization

- Opportunity
- Optimization
- Operation

28. Which of the following would be classified under the "Legal" component of PESTLE analysis?

- New environmental regulations
- Consumer protection laws
- Social changes in demographics
- Advances in technology

29. The use of the Ansoff Matrix to enter a new market with an existing product is known as:

- Market Penetration
- Product Development
- Market Development
- Diversification

30. Which strategy in Porter's Generic Strategies framework focuses on offering products that are distinct and valued by customers?

- Cost leadership
- Differentiation
- Focus - low cost
- Focus - differentiation

31. When a firm expands its product line into related markets, this is an example of:

- Horizontal diversification
- Vertical diversification
- Concentric diversification
- Conglomerate diversification

32. Which of the following is true of the bargaining power of buyers in Porter's Five Forces?

- It increases when there are fewer suppliers
- It increases when there are many substitutes available

- It decreases when switching costs are high
- It decreases when buyers are fragmented

33. Ansoff's Matrix includes which of the following strategies?

- Market Penetration
- Focus - differentiation
- Cost Leadership
- Vertical Integration

34. Which of the following would NOT typically be considered an economic factor in PESTLE analysis?

- Interest rates
- Exchange rates
- Cultural trends
- Inflation

35. Which of the following is a characteristic of a resource that provides a sustainable competitive advantage according to VRIO?

- It is valuable, rare, and costly to imitate
- It is widely available
- It is easily substituted
- It has a low cost of entry

Please answer only three questions out of five:

1. What are customer-switching costs? Explain your answer with an example.
2. Describe the difference between resources and capabilities.
3. Discuss each of Michael Porter's generic strategies.
4. Discuss how the bargaining power of suppliers and the threat of substitutes can impact the profitability of an industry. Provide examples to support your analysis.
5. Analyse how changes in the political and technological environments can influence the strategic decisions of a multinational corporation. Use specific examples to illustrate your points.